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## Senate

The Senate met at 11 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

### PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, as we begin this new week, help us discover the power of resting in You and receiving the assurance and encouragement of Your amazing grace. You know our needs and are prepared to meet those needs with exactly the right gifts of Your Spirit. Thank You for being present, imbuing us with inspiration to lift our spirits, hovering over us with hope to press on. All through this week, there will be magnificent moments when we will overcome the temptation of trying to make it on our own strength and, instead, yield to the inflow of Your wisdom, insight, vision, and guidance. Our souls are meant to be containers and transmitters of Your power. Thank You in advance for an extraordinary week in which we are carried by Your presence rather than being bogged down trying to carry problems ourselves. In the Name of our Lord and Savior. Amen.

### RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT of Mississippi, is recognized.

### SCHEDULE

Mr. LOTT. Mr. President, this morning, the Senate will be in a period of morning business until noon. Following morning business, under a previous order, the Senate will begin consideration of S. 1723, the Abraham of Michigan immigration legislation. Any votes ordered with respect to the Abraham bill will be postponed to occur beginning at 5:45 this evening. We have

modified the time of the vote just a little to accommodate some Senators who will be coming in close to that time. So it will be 5:45 instead of the earlier indication of 5:30. It could involve one, two, or three votes, depending on how the amendments go during the day.

Following those votes, the Senate will begin consideration of S. 1415, the tobacco bill. Members should expect busy sessions every day this week as the Senate considers this important issue.

Also this week, the Senate may consider the ISTEAT transportation conference report. I understand that the conferees have basically reached an agreement on the broad parameters, broad issues of the ISTEAT transportation bill. They are running the numbers to make sure they have numbers that reflect what their agreements were. We hope to have a vote on that Thursday, or Friday at the latest. We may also consider the Coverdell A+ savings account conference report, if available.

The cooperation of all Senators will be necessary so that the Senate can complete its work prior to the Memorial Day recess. There will be ample opportunity for Senators to be heard this week, and there will be ample opportunity for Senators on either side of the aisle on the issues involved to be frustrated or to lose their temper perhaps. But I hope everybody will remain calm and be thoughtful in their debate. I believe we can proceed and get to a conclusion that will be acceptable to, hopefully, a large number of Senators in a bipartisan way.

I yield the floor.

### RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. SESSIONS). Under the previous order, leadership time is reserved.

### MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12 noon, with Senators permitted to speak therein for up to 5 minutes each.

Under the previous order, the Senator from North Dakota, Mr. DORGAN, is recognized to speak for up to 15 minutes.

### THE TOBACCO LEGISLATION

Mr. DORGAN. Mr. President, I thank the majority leader, Senator LOTT, for bringing the tobacco legislation to the floor of the Senate this week. He had indicated previously that he would do so, and he has kept that commitment. I think it will be helpful in this country to debate that issue this week on the floor of the Senate.

### UNDERCUTTING OUR FAMILY FARMERS

Mr. DORGAN. Mr. President, I come to the floor today to talk about an issue dealing with agriculture. Later this week, sometime this weekend, a boat will pull up at a dock in California loaded with 1.4 million bushels of European barley. This barley was sold into this country with a subsidy of well over \$1 a bushel. It is now being hauled from the European Union to the shores of the United States, deeply subsidized, unfair trade, undercutting our family farmers. It is an outrage, and it should not happen. We suggested that the sale be terminated when it was announced, but it was not. I suggest today that perhaps somebody ought to refuse to unload the barley when it reaches the shores of California.

Let me describe for a few moments why this is just a symbol of a very serious problem in the farm belt. I want to show a series of charts because I want the American people and my colleagues

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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to understand that we are confronted with the question of whether we want any family farmers in this country's future. We are seeing family farmers going broke in record numbers. In my State, there was a 55-percent increase in auction sales over last year. They are calling auctioneers out of retirement to handle the auction sales, because there are so many sales of family farmers having to quit.

Now, farming isn't just a business. These are families living on the farm. There is a yard light that illuminates the place that represents the dreams of a family that wants to farm. These farms represent the economic blood vessels that pump life into our small towns. It is a way of life that is very important to this country.

There is a real difference between family farmers and the agri-factories that farm from California to the State of Maine with large mechanized corporate farming. The family farm makes a difference in our society. It is the seedbed of family values that has nurtured and rolled itself from the family farms to small towns, to America's cities. If America decides it doesn't care about whether there are family farmers, it will have lost something valuable.

I received a letter from a farmer just the other day. Its just one of many such letters from other farmers. I am getting many calls and considerable mail from farmers. This particular letter says, "It has come to my attention now as a farmer that the United States is preparing to let an entire industry—that is, family farmers—"die. If an airline strikes, the President intervenes; if UPS strikes, the President intervenes; if a railroad suggests a strike, the President is up in arms. But when farm commodity prices fall and family farmers are in peril, nobody seems to say much."

Let me describe the circumstances of our North Dakota farmers. I met with a group of North Dakota producers this past Saturday with my colleague, Senator CONRAD, in Fargo, ND. We visited, once again, about the problems and what can be done about them. Here is what they face. Our three largest crops—spring wheat, durum wheat, and barley—had a 41-percent reduction, a 21-percent reduction, and 41-percent reduction in gross income from reduced yield and price. Ask yourself, if you were in business and you have a 40-percent reduction in your gross sales and a reduction in your price, what is going to happen to your business?

These are family farmers. They don't have deep pockets. So here is what has happened, as a result, to net farm income. Take all the farmers out there in North Dakota and evaluate what happened to the net farm income. Net farm income in 1996 was \$764 million, divided among 30,000 farmers. In 1997 net farm income was down 98 percent, down to \$15 million in net farm income. Divided among all those farmers, that is less than \$500 net income per farm. But this

doesn't tell the whole story, because almost all of that net farm income goes to the state's largest farmers, and almost all of the middle- and lower-income farmers are seeing huge losses. Let me show my colleagues what has happened to the price of wheat.

One can make the case, or not make the case, that this has something to do with what Congress did. It probably has some small amount to do with what Congress did in passing a new farm bill, and maybe it has something to do with a lot of other things happening in the world.

Let's look at the price of the wheat. We passed a new farm bill back in April 1996. You see what happened to the prices received by farmers for wheat since May 1996. It has gone down, down, down, way down. It is now at the lowest level in five years. That is what farmers live on. The price determines whether they are going to make a living and stay on the farm. The price of wheat has gone down 44 percent. It is down, down, way down.

Let me show you what has happened to farmers' costs of production. Seed, fertilizer, fuel. They are all up, up, up, way up, month after month, year after year.

Let me show a chart, if I might, that talks about some of these specific trends. If you are a farmer, you need to have a tractor to plow. We don't do it with mules anymore; we do it with tractors. What has happened to the price of tractors? Farmers can tell you in an instant. The price goes up, up, straight up. The price of a combine is also up, up, straight up. How about the price of anhydrous ammonia, the fertilizer needed to provide the nutrients to these crops? You can see what has happened. There has been a huge spike in the last few years. The price of fuel is up. In the last five years, there has been a 70-percent increase in the cost of the inputs that many farmers have to buy to put a crop in the ground.

This isn't like other businesses. When you are a family farmer, you can't pass these costs along. People do not think much about family farmers, unfortunately. They get their butter from a carton; they get their milk from a bottle, or a carton; food from a can, or perhaps a box. But it all comes from the farm. It all comes from someone who gets up early to do the chores, and then gasses up the tractor, and goes out and plants the field.

Will Rogers some 60 years ago said, "If all the cows in the country failed to show up at the barn one morning to be milked, why, that would be a problem." He said, "If all the lawyers and accountants in America failed to show up for work one morning, we wouldn't miss a lunch." He was describing what is really important. Where does all of this come from? It comes from the ingenuity and risks taken by families who decide they want to farm as a way of life.

The price of a loaf of bread has almost no money in it for farmers. Here

is the price of a loaf of bread. Here is what the farmer gets. Just about the heel, if that much.

So wheat 2 years ago was \$5.50 a bushel, and now it is \$3.20 or \$3.30. Has anybody seen the price of a loaf of bread come down? I don't think so. What is happening is, the people who make the bread are making record profits. The people who haul the grain on the railroad tracks are making record profits. The people who put it in a plant and then perhaps puff it and then sell it on the grocery store shelf as Puffed Wheat are making a profit because it is more profitable to puff it than it is to grow it.

I wonder if there is not something wrong with this picture for America. The snap, crackle, and pop, the puff, and the crisp all have more value than the wheat. The package, the advertising, and the transportation have more value than the wheat.

This country can't decide on a policy that says family farming has merit and it is important to this country?

Finally, bread profits soar at the same time that wheat prices come down and family farmers go broke. Something is wrong with that picture.

This chart shows it on the same page. Bread costs continue to rise, and the price of wheat continues to fall.

I went to a small school. There were nine students in my class. They taught math at my school, maybe not higher math, but I can add and subtract. I understand what adds up and what doesn't. This doesn't add up. It does not add up if you care about whether this country has a future for family farmers. Farming is not just a business.

There are a lot of reasons that we are in trouble on the farm. Farmers are told by Congress that, we are not going to have a safety net for you anymore, and that we are going to pull that safety net out from underneath our farmers.

Farmer are unlike most other business. They take huge risks: First, they risk that when they plant a seed, it may not grow. So the cost of that seed might represent a loss in the farmers' pockets. Second, if the seed grows, it may be in June or July that a hailstorm will come and destroy the crop. Or the bugs will come and eat the crop; or crop disease, scab or vomitoxin, will come and destroy the crop.

Maybe none of those things happen. Maybe you plant a seed and it grows and none of those natural disasters occur. Then you combine the crop to get it off the field and take it to the grain elevator, only to discover that it costs you \$5 a bushel to produce it and you get just \$3.35 a bushel to sell it. The result is that your family is going to have to move from the farm. That yard light is going to go out. Someone will farm that land. It will be a big operator, or a big corporate farm. They will just fold it into their bigger corporate farm, and there will be tractors that will plow for miles. But that yard

light will be out forever, and that small town will continue to die. The county will shrink. The rural life style will wither.

A wonderful author from my home State, who was a world-renowned author, died a couple of years ago. He made a prediction in his book. He stated it more eloquently than I can. He said that this country resulted from an agrarian lifestyle which created the family values that nurtured America and refreshed America. He reminded us that the family values that refreshed America continually came from the family farm, where neighbors understood that you have to help each other because the people can't do it alone. Without our family farms, those family values that rolled from rural America to our cities will be lost.

It is not to say that farmers are better than anybody else or have more value. It is just that farming is different. It is a family occupation. Yet, it has enormous risks. For years in this country we decided that we were going to try to provide some help to offset those risks. They do it in every other country.

We are the only superpower. We are the only nuclear superpower, military superpower, left. We are certainly an economic superpower. Almost any other country with any economic clout decides that, as part of its budget, it makes sure it continues to have a network of family farms. Therefore, it provides some price supports against all of these risks that family farmers face. But not us. We decided farmers should compete in the open market despite the fact that there isn't an open market.

As I said when I started, the ship that is going to dock in California at the end of this week will haul 1.4 million bushels of European Union barley subsidized to the tune of more than \$1.10 cents a bushel. There is no American farmer that can compete with that. It is simply unfair.

But that is just the tip of the iceberg. In every direction you look in international trade, our farmers are injured. The California dock is not the only place. Go to the Canadian border, where we are flooded with unfairly traded Canadian imports. Go to the Mexican border and see what NAFTA has done with respect to the unfairness of agricultural trade. Go to China and ask why we can't get sufficient amounts of wheat or pork into China. Go to Japan and ask why it costs \$30 a pound to buy a T-bone steak in Japan because you cannot get enough American beef in Japan.

We are rife with trade problems that injure the American farmer every single day. And our trade policy is apparently to sit on our hands and do nothing about it.

It seems to me that we can't enforce trade agreements. But first of all, we need to negotiate good agreements. Let me mention Will Rogers once again. Some 60 years ago, Will Rogers also

said that, "The United States has never lost a war and never won in a conference."

First, we ought to get trade negotiators to go out and negotiate good agreements for this country. They ought to be hard-nosed economic trade agreements and not some soft-headed foreign policy negotiations about what we ought to do to help other countries.

I am not against helping other countries, but first I am for helping family farmers. We need trade policies that do not injure them. We need to help them. If they had any gumption, they would be at that dock out in California this week meeting the ship and suggesting that the ship should never be unloaded on American shores because it is symptomatic of everything that is wrong with our trade policy.

Second, we ought to decide that it matters to have a support price for family farmers. No, it would not be a giveaway nor a subsidy to farmers. The subsidy in American food policy is that we have the highest quality food anywhere in the world for the lowest price anywhere in the world. We have a cheap food policy that provides a subsidy to the consumer. This is at the expense of family farmers who can't make a living because what they grow they have to sell at well below the cost of what it took them to grow it. That adds up to a deficit, and that adds up to serious trouble.

In my judgment we ought to use every tool that is available to us as a country. Could the export enhancement program help? Maybe. Is it being used now? No. Why have we decided to disarm ourselves? The European Union uses their export subsidies to sell their grain from their family farmers into North African markets and they have 10 times the subsidies we have ever considered using. So, why does our country say, if they are going to take our African markets away from us, that is just fine, and we can't do anything about it? Would we disarm in any other way? Why would we disarm on trade competition? Why would we not say, on behalf of American producers, that we will stand up for you? This country believes in you. This country cares about you. Why on Earth will this country not decide that it will stand up for its producers?

We, in my judgment, must begin as a Congress now to evaluate whether the path we are on from the previous farm bill passed a couple of years ago is the right path or the wrong path. It was called the Freedom to Farm bill. Part of it was just fine. Part of it was to take government out of the decision of what crops a farmer was going to grow. I supported that part. But part of it was a devastating blow to farmers. It said, by the way, we are going to pull the rug out from under you in price supports, and we are going to say to you, compete in the free market when in fact there is no free market.

It asks our farmers—the Johnson's, the Larsen's, the Olson's, because I

come from that part of the country where we have a lot of folks with those names—it asks those farmers to compete not just against French farmers, not just against German farmers or Italian farmers. It asks them to compete against all those governments as well that deeply subsidize their sales into foreign countries.

I ask the question today of Congress and also this administration whether they are willing to stand up and ask some tough questions about agricultural policy in this country. Do family farmers matter? Do you care? When you fly across the Dakotas and Nebraska and Kansas and the breadbasket of our country at night and look out the window of an airplane, do you care whether you see yard lights? Do you care about our farmers out there who are trying to make a living with great risk? Do you care whether they really have an opportunity to make it? Do you think they provide worth to our economy? Or is this just an economy now which says bigger is better, concentration has virtue, and that mergers and combinations have merit, because they have the financial clout and the capability to suggest that an economic system that rewards size and rewards bigness is the best system. I don't necessarily believe that.

Oh, I think the market system is a wonderful system, but I also believe that in this country agricultural producers have never experienced a free market and will never experience a free market unless substantial changes are made not just in this country but other countries as well.

I want to make one additional point. We now have a number of countries in this world in which our farmers can't market because we have embargoed them through sanctions. We have said we don't want to do business with Cuba; we don't like Fidel Castro. So wherever Cuba is going to buy wheat, it is not going to be from the American farmer. In Libya, we don't like Qadhafi. So where is it going to get its grain. It is not going to be from this country. Iraq, well, in the last year or so, we have shipped them a bit, but not much. Most of Iraq's grain comes from elsewhere because everyone knows the problems with Iraq.

I can go through a list of countries in which the American farmer pays a price because we have decided to embargo them. I happen to believe that you ought never under any circumstances decide to cut off shipments of food. Nobody is going to shoot food back at you. It seems to me it makes good sense in this country as a matter of public policy to decide that food shipments and food sales ought to be the last thing you would ever sever. We have a lot of hungry people in the world. It makes no sense to me to see a country with as bountiful an opportunity and as bountiful a harvest as we often get decide that somehow this grain doesn't have value. Gosh, I think this grain is more valuable than nuclear weapons. I think this grain is

more valuable than most of what people produce. This is a hungry world and a growing hungry world.

It breaks my heart to see family farmers write to me day after day and come to me in North Dakota as they did this weekend and call day after day and tell me that their dream is ending.

A woman called a couple of weeks ago, and she began crying on the phone. She and her husband, just out of high school, began to farm. They have never done anything else. And they scraped and struggled and rented some land and then bought a little bit of land. She said, "We don't go to town on Saturday nights. We don't buy frills. We scrape by and we have always scraped by. We do nothing that is extravagant."

She said, "But, we finally have come to the end of the road. We are now in our mid-thirties. We have farmed for nearly 15 years and we have no other skills, but we just can't continue to make it unless farm prices improve. Our banker won't give us a loan. We can't put in the spring crop."

When you hear those stories, it breaks your heart because we are losing something valuable.

I would conclude today by simply saying this: My colleague, Senator CONRAD and I, have spoken on the floor I guess a half dozen times on this subject. We want people to understand that this issue matters. This makes a difference to our country. There is a big difference between the right public policies and the wrong public policies. One offers people hope and one despair. One will help move us forward in trying to nurture and protect and help family farms in our future and one will move us backward towards farm failures and desolation and despair on the family farm.

Let me end as I began. North Dakota State University did a study and showed us that just in the last year there have been almost \$400 million in losses in net farm income. That is \$400 million just from those three crops: spring wheat, durum, and barley. The problem is that in that circumstance I have described in our State, family farmers just can't make it.

Something has to change. We need better trade policy, better price supports, commodity loan rates that give farmers a chance to market when it is advantageous to them, not just to the miller or the grocery manufacturer. We must fight for changes in policies. I know my colleague, Senator CONRAD, and others will be talking about this issue, but it is critically important. I will come to the floor again and again to talk about what we must do to solve this problem.

Recently, Dale Thorenson, a farmer from Newburg, ND wrote an opinion letter for the New York Times. He had received a gift subscription to the New York Times from his father-in-law, and thought that as a new subscriber he should write an article about the conditions facing farmers in North Da-

kota. I don't know if it has been printed yet in the New York Times, but it did get printed in the Grand Forks Herald. I hope the Times does print it because he eloquently captures the economic and policy dilemma that now surrounds our nation's family farmers.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Grand Forks Herald, May 10, 1998]

THE FARM CRISIS THAT NOBODY WANTS TO HEAR ABOUT

AS THE NATION PROSPERS, FARMERS IN THE NORTHERN PLAINS FLOUNDER

(By Dale A. Thorenson)

NEWBURG, N.D.—On April 3, the Dow Jones Industrial Average broke above 9,000—a new high-water mark in what seems to be an unending spiral upward. At the present rate of growth, a 12,000 Dow will be seen by the end of the year. Highly unlikely . . . but who is willing to step in front of this freight train?

Ten days later, on April 13, the price of the nearby contract of wheat at the Chicago Board of Trade broke the \$3 mark—only this price was heading in the opposite direction of the Dow. The \$3 offered for a bushel of wheat on April 13 was a far cry from the \$7.16 mark reached just two years prior—a time when the new Freedom to Farm legislation was being enacted in our nation's capital.

The sponsors of Freedom to Farm promised this legislation would revolutionize the farming industry. Gone were the planted acreage mandates from the federal government. The farmer was given the flexibility to plant what the market wanted—hence the name Freedom to Farm was coined.

In return for this flexibility, the farmer signed a seven-year contract to receive declining support payments decoupled from production—severance pay, for lack of a better explanation—as he was weaned from federal subsidies. The farmer was told the rest of the world also would end subsidies and this new world market free from government intervention would cause unending growth in exports as markets expanded because of increased demand. The conventional wisdom of the time assumed the United States farmer—given this level playing field—would dominate world agriculture.

GOOD INTENTIONS GONE AWRY

Well, Freedom to Farm has revolutionized farming, but not in the way intended. And the playing field is far from being level. This farm program—called by many as Freedom to Farm—enacted in conjunction with historically high commodity prices, has turned out to be a sham. In what could almost be described as an ill-advised acceptance of a bribe, the farmer pocketed a first-year subsidy payment and a decent price for his crop. It has been downhill since—at least in wheat-producing regions of the Great Plains. But make no mistake about it. The corn and soybean farmers of the Midwest will get their turn on the rack. The \$3,000-per-acre land costs of the Corn Belt will not be competitive with the new land being developed in South America at a cost of \$50 per acre.

As if on cue, the costs of producing a crop—fertilizer, chemicals, machinery required—increased dramatically. The "bribe" went directly into the hands of the petrochemical companies who make the vast array of inputs needed for production agriculture. And, as the \$3 price suggests, a downward spiral in wheat prices commenced.

One of the many important details left out of this so-called Freedom to Farm legislation was an iron-clad assurance from the European Union that they would agree to reduce their farm subsidies simultaneously. Supposedly, the EU was to phase out subsidies over the same time period. But the simple fact is that their phase-out is from a much higher level—and as speedy as a tortoise on a cold day. Also, unlike the intentions of the United States, the EU's subsidies will not end entirely.

Specifically, the 300 million or so people of the EU spent \$47 billion to \$48 billion on their farm program this past year. This is in comparison to the United States expenditures of a little more than \$5 billion. In the matter of export enhancements—a procedure where the seller pays the buyer to buy the product—the EU spent about \$7 billion to \$8 billion. The United States anted up about \$150 million, or about 50 times less. The negotiator from the EU who sold this bill of goods to the United States policy-makers could easily get a job selling furnaces in hell.

SHORTCHANGED IN WHEAT COUNTRY

As bad as this is, the wheat farmers of the Great Plains states were shorted in another way in comparison to the corn and soybean farmers in the Midwest. The federal loan rate for wheat was capped in the Freedom to Farm bill at \$2.58, about 52 percent of the United States Department of Agriculture's most recent five-year average cost of production projection for a bushel of wheat—which was pegged at \$5. In contrast, the federal loan rate for corn and soybeans stands at 72 percent and 89 percent, respectively, of USDA's recent cost of production estimate.

The United States produces about 9 billion bushels of corn and 2.5 billion bushels of soybeans annually. Annual production of wheat has been about 2.7 billion bushels in recent years. Uncapping the loan rate for wheat and raising it to the percentage of production costs enjoyed by the corn and soybean producers—\$3.75—could potentially cost the U.S. Treasury up to \$3 billion annually if the EU continued to insist on their predatory marketing tactics. But not doing so puts the U.S. wheat farmer in the position of competing not only with his contemporary in Europe, but also with the government treasuries in Europe. There should be little doubt as to who will survive this grain war if the situation remains the same.

North Dakota and northern Minnesota farmers especially have been hard hit with economic misfortune even beyond the disastrous collapse of wheat prices. This region is now going on five years of a serious wheat disease outbreak called *Fusarium* head blight brought on by abnormally wet periods during the flowering stage of the crop. Couple this dilemma with the harsh winter blizzards of 1996 to 1997, which then produced the well-publicized flood of the century in the Red River Valley, highlighted by the almost complete inundation of Grand Forks and East Grand Forks. Another pitfall is the proximity of this region to the Canadian wheat producing area, called the Prairie Provinces—Manitoba, Saskatchewan and Alberta. The North American Free Trade Agreement has allowed Canada to dump its excess wheat in the United States while maintaining the support for its farmers at the same time. Guess where in the United States Canada dumps this wheat?

The March 30 issue of *Agweek*, one of North Dakota's weekly agricultural news journals published by the Grand Forks Herald—the paper whose "Come Hell and High Water" headline last April made it world-famous—listed approximately 180 farm auctions. Those were not poor operators or retirement sales, but good farmers—many of

these farms were fairly large operations—in their prime who have simply given up. These farmers had survived the bloodbath in agriculture of the 1980s but were unable to survive Freedom to Farm. They will never be replaced.

This country, with all its abundance and prosperity, needs to come to the realization that a wheat farmer needs to receive more than a few pennies of the \$1.50 a consumer pays for a loaf of bread. Europe, having starved twice in this century during two world wars, understands that and intends to keep its agricultural industry intact.

#### TRIVIAL PURSUIT

All the fuss lately about President Clinton's sex life or what a certain special prosecutor is thinking as he picks up his morning paper is really quite trivial in comparison with the many national and international problems now at hand. It is for this reason the public considers the current situation in Washington much ado about nothing and not because of the bemoaned fact that a new low in moral standards has been established.

In particular interest to more than a few Great Plains wheat farmers is if this country will stand up and fight for them. Or does the United States consider these farmers expendable in order to maintain this nation's longstanding policy of cheap food—even if in the end the reverse will surely happen?

A couple final questions on this subject this country needs to ask itself: If the agricultural sector of this country is deemed expendable and not worthy of preserving, will the United States one day become as reliant on food for foreign countries as it is for oil? If so, does the United States really want to take this risk?

Mr. DORGAN. Mr. President, I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from North Dakota, Mr. CONRAD, is recognized to speak for up to 15 minutes.

Mr. CONRAD. I thank the Chair. I thank my colleague from North Dakota, Senator DORGAN.

Senator DORGAN and I participated in meetings this weekend with representatives of major farm organizations and people who are watching the farm economy, those who are charged with doing the statistics and the analysis from the university, also the head of the farm service agency who has been made part of a crisis response team by the Secretary of Agriculture to deal with the cash flow crisis that is occurring in North Dakota and other farm States as well.

Last week, I made a series of speeches on what I called the stealth disaster that is affecting North Dakota. Last year, many may recall that we were faced with more visible disasters—flooding and fires of unprecedented nature in the Grand Forks and Red River Valley area. This year, we have another disaster, but it is getting almost no attention. It is a stealth disaster. It is a stealth disaster because it is flying below the radar screen. It is not getting the kind of attention these other disasters did. And part of the reason is it is not so visible. It is not a story that you can easily put on television, but it is a disaster nonetheless.

As I showed last week, farm income in North Dakota declined from 1996 to

1997 by one measure by 98 percent. Those are statistics available to us from the Labor and Commerce Departments. By another measure, a study just done for Senator DORGAN and myself by North Dakota State University, farm income declined in that period by 59 percent. By either measure, these are dramatic and precipitous declines that are leading to a cash flow crisis that is engulfing the producers of our State. We anticipate losing perhaps as many as 10 percent of the farmers in North Dakota this year. We have lenders who are telling us, for the first time in history there is farmland in the richest part of North Dakota, which is the richest farmland in the world, that will not be farmed this year. That is a stunning development.

Growing up in North Dakota, we were always told that the Red River Valley of North Dakota used to be the bottom of a lake, it used to be the bottom of Lake Agassiz. Because it was the bottom of a lake, the lake deposited this extraordinary land, loam that is 6 to 8 feet deep. As I was growing up, we were told there had never been a crop failure in the history of North Dakota in the Red River Valley.

In the last 5 years, we have had 5 years of dramatically reduced production because of overly wet conditions and an outbreak of a disease called scab that took a third to a half of the crop last year in much of North Dakota. Scab is a fungus, and it is absolutely devastating. What we have learned is that the farm policy that is in place in this country cannot cope with this combination of disasters—disease and adverse weather coupled with very low prices. That is a triple whammy that is putting thousands and thousands of farmers out of business.

I thought it might be helpful to compare our agriculture policy in this country with our chief competitors', the Europeans, to see what they are doing versus what we are doing. Senator DORGAN made reference to what I have said—repeatedly last week on the floor—that it is one thing to say to our farmers, you go out and compete against the French farmer and the German farmer and we will see who wins, who is the best producer, who is the most efficient. We are willing to take on that fight any time, any place. But what we are being asked to do is not only compete against the French farmer and the German farmer, we are telling our producers to go and compete against the French Government and the German Government as well. That is not a fair fight. You can't ask a farmer out in North Dakota to take on that French farmer and that German farmer and while he is at it take on the combined resources of the French Government and the German Government. But that is exactly what we are doing.

This chart shows, for 1997, total agricultural expenditures, the United States versus the European Union. The European Union is in red; the United States is in blue. You can see, in 1997

they spent almost \$46 billion supporting their producers. We spent \$5 billion. That is not a fair fight. When we look to their spending on exports, the United States versus the European Union—again, the European Union is in red; the United States is in blue. This is to support exports. The Europeans spent almost \$8 billion. We spent \$56 million. That is a ratio of 138 to 1. That is not a fair fight. We are sending our troops into the battle and they are armed with BB guns and the other side is firing live ammunition. How are you going to win this kind of fight? We would never do this in a military confrontation. We would never allow ourselves to be in a situation in which the other side had the predominance of resources. But that is what we have done in a trade conflict, and it makes no sense.

Unfortunately, the pattern continues because, if you look at the expenditures of the two sides for market development, you see the Europeans spending \$350 million a year; the United States, \$225 million. Again, they are simply outgunning us at every turn in these battles for agricultural markets. They are winning these markets the old-fashioned way—they are buying them. And make no mistake, they have a strategy and they have a plan and their strategy and plan is to dominate world agricultural trade.

Let's look and see how successful they are with this strategy and plan. This chart shows what has happened to wheat exports from the European Union over an extended period of time, starting back in 1960, and going through 1996, the last year for which we have full information from the Europeans. Look at this trend and pattern. They have gone from being major importers of wheat to major exporters of wheat. And their improvement has really occurred, the most dramatic part, in the last 20 years. This did not happen by happenstance. This happened as a result of a concerted plan, a concerted strategy. Because the Europeans have been hungry twice, they never intend to be hungry again, and they recognize the critical importance of dominating world agricultural trade. That is the pattern, in terms of what they have done.

What have we done? From 1982 to 1996, this is what has happened to wheat exports from the United States. We are going nowhere. Worse than that, we are in steep decline. From 1995 to 1996, we have seen a very dramatic reduction in U.S. wheat exports. If you go back to 1995, that was not exactly a stellar performance in the last 16 years of history. So, while the Europeans are on the march, they are on the move, the United States is in retreat.

It doesn't happen just with wheat. This is the outlook with barley. From 1982 to 1996, net barley exports from the European Union—not quite the same pattern. They suffered a very steep loss in 1992 to 1994, but since then they are coming back and coming back strongly. During that same period, the United

States has seen dramatic slippage. In 1992 to 1996, we have actually gone below the line. We have become an importer. In fact, we have just had a case where subsidized exports from the European Union have come into the United States for the first time. We are asleep at the switch. What is happening in this country?

We are going to have the same thing happen to us in agriculture that happened in electronics and automobiles and all the rest. We are going to wake up someday and we are going to find out that we have gone from being the major agricultural player in this world to being a second-class citizen, because we have been asleep at the switch. This is not the whole story. It is a part of the story, but there is much more to tell. If we look at trade policy, we see that too often the United States negotiates agriculture away for other sectors of the economy. We saw it in the Canadian Free Trade Agreement that now allows Canada to pump millions of bushels of unfairly traded Canadian grain into this country, weakening our markets, weakening our prices, and costing us substantially. That is happening today because of a loophole in the Canadian Free Trade Agreement where our people simply got outraded.

We saw the same thing develop with NAFTA. In NAFTA, you recall, we negotiated a 10-percent reduction in tariffs by the Mexicans. They then turned around and devalued their currency by 50 percent. The net result, we went from a \$2 billion trade surplus with Mexico to a \$16 billion trade deficit. And some call that a success. If that is a success, I would hate to see failure. I wonder what would happen if we saw failure in our trade negotiations, based on what has been happening with the Canadian Free Trade Agreement—so-called free trade; the so-called NAFTA agreement, again so-called free trade agreement—and what has happened now with the European Union.

It is unbelievable, that they are sending into the United States from Europe—barley. It is so heavily subsidized in their country that it undercuts our producers right here at home. It is not because they are more efficient. It is not because they are more productive. It is because their country is buying these markets. They are spending \$47 billion to support their producers when we are spending \$5 billion. On exports, they are spending \$8 billion a year when we are spending \$56 million. And we wonder why we are losing the fight? If we were in any military confrontation we would understand very quickly that we are just outgunned.

Mr. President, it is time for the United States to fight back. We have to put the resources into this battle to win it. That is what we do in a military fight. That is what we ought to do in this trade confrontation. We ought to send a message to our friends in Europe that they are done having a free ride. We are in this fight and we are in it to win.

I yield the floor.

Mr. HUTCHINSON addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Arkansas, Mr. HUTCHINSON, is recognized to speak for up to 30 minutes. The Senator from Arkansas.

Mr. HUTCHINSON. Thank you, Mr. President.

#### NEW EVIDENCE OF PLA MONEY GOING TO THE DNC

Mr. HUTCHINSON. Mr. President, last week the Senate, by adopting two of the remaining eight House-passed China provisions, I believe took an important first step in reversing this Nation's failed, flawed and counter-productive policy of so-called "constructive engagement" with the People's Republic of China.

The first amendment we adopted last week, an amendment to the Defense Department authorization bill, requires the Department of Defense to monitor enterprises which are owned by the People's Liberation Army and gives the President increased authority to take action against these companies should circumstances warrant. It does not mandate the President to act, but it would give him enhanced authority to act should the evidence warrant it.

The second amendment we adopted gives the U.S. Customs Service increased funding and authority to stop the importation of goods produced in Chinese slave labor camps. The importation of goods produced by slave labor has been prohibited in this country for half a century, and yet the practice is continuing, unfortunately, and thus, this enhanced monitoring and enhanced authority for the Customs Service is essential.

These were two very, very important amendments, I believe, but there are six bills still remaining in the Foreign Relations Committee. I believe the Foreign Relations Committee will be taking those bills up tomorrow. I hope they will. But the votes that we cast last week could not possibly have been more timely. Their importance is best seen by new information uncovered last Friday by the New York Times, one day after we cast those two important votes on the floor of the U.S. Senate.

That story, covered by the New York Times, and now by every major newspaper in the country, revealed that Johnny Chung, the central figure in the Justice Department's campaign finance investigation, has now told investigators that a large part of the nearly \$100,000 that he gave to the DNC and to other Democratic causes in the summer of 1996 came from the People's Liberation Army of the People's Republic of China.

Let me say that again. A large part of the \$100,000—in fact, \$80,000 of it—went to the DNC, and that money came from the Chinese Red army. This was the front-page story in the New York

Times on Friday, May 15. Then inside the newspaper the headline is: "Fund-raiser is Said to Tell of Donations from China Military to Democrats."

This is a very, very serious allegation that Mr. Chung has made in his cooperation with the Justice Department alleging that this money came not just from Chinese sources, but came from the Chinese Red military. Worse yet, this was no low-level PLA effort. It wasn't low-level figures in the People's Liberation Army, but according to Chung, these monies were provided by a Chinese lieutenant colonel and aerospace executive whose father, General Liu, was at the time China's top military commander and a member of the leadership of China's Communist Party.

This reaches to the very top echelon of the Chinese Government and to the very top levels of the PLA command system. Their very top leadership apparently hatched, planned, and carried out this so-called "China plan."

Let us not forget, Mr. President, that this whole investigation was started after an interception of a telephone communication suggesting that the People's Republic of China was considering a covert plan to influence United States elections. It would now appear that this so-called "China plan" was actually carried out by the top leadership of the PLA and the Communist Party.

Why would China and the PLA want to influence American elections? What motive would they have to pick and choose winners and losers in our own Presidential sweepstakes? The answer appears to be given in this very same New York Times article:

At the time (of these payments from the PLA), President Clinton was making it easier for American civilian communications satellites to be launched by Chinese rockets, a key issue for the PLA and for Liu's company, which sells missiles for the military and also has a troubled space subsidiary.

There was a very, very vested interest by Lieutenant Colonel Liu in ensuring that Chinese rockets would be able to launch American satellites. Thus, while the DNC and the Democratic Party was being flooded with money from the head of the PLA, the head of the Democratic Party, President Clinton, was making it easier for the PLA to receive advanced technological support for its missile and space programs. The only question left to be answered seems to be, was it a quid pro quo?

To put the harmful effects of this "missiles for money" trade into context, or more appropriate, the "PLA Gate," it is important to note that until last year, China lacked the intelligence or technologies necessary to manufacture boosters that could reliably strike such long distances. This made China a weaker adversary.

In fact, in a debate that I had on the campus of the University of Mississippi at Oxford, a Firing Line debate that was carried nationwide by public television, Dr. Kissinger made this statement: